

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

Ezeanyim

RECEIVED OCD

2012 AUG -3 P 12:29



July 30, 2012

To: Addressees Listed on Page 2

Re: Case No. 14730; Order No. R-13488
Boxer 3 Federal Com No. 1 (API# 30-005-29195)
Township 15 South, Range 31 East, N.M.P.M.
Section 3: S/2N/2
Chaves County, New Mexico

Dear Non-Consenting Working Interest Owner:

In accordance with Order No. R-13488, enclosed herewith is an itemized schedule of actual well costs associated with the drilling and completion of the Boxer 3 Federal Com No. 1.

If you should have any questions in regard to this matter, please contact the undersigned at (432) 571-7856.

Sincerely,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner".

Hayden P. Tresner
Landman

// Enclosure

Case No. 14730; Order No. R-13488
Boxer 3 Federal Com No. 1 (API# 30-005-29195)
Township 15 South, Range 31 East, N.M.P.M.
Section 3: S/2N/2
Chaves County, New Mexico

Page 2

Non-Consenting Working Interest Owner Address List

Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0388 8818

Sigyn Lund
c/o Hilmer H. Graham
110-55 72nd Street, Apt. 307
Forrest Hills, New York 11375

Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0388 8801

Clare L. Fraser
133 East 64th Street
New York, New York 10021

Cc: Oil Conservation Division
Attn: Florene Davidson
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Cc: James Bruce
369 Montezuma, No. 213
Santa Fe, New Mexico 87501



Cimarex Energy Co.

Drilling Accrual Review

Afe Code: 251154
Property Code: 309742-063.01
End Date: 01/01/2076

Well Name: BOXER 3 FEDERAL COM 1

Sub Ledger Description	BCP Code	Afe BCP Cost	Field BCP Cost	Invoiced BCP Cost	Invoiced Variance To Field Over/Under	ACP Code	Afe ACP Cost	Field ACP Cost	Invoiced ACP Cost	Invoiced Variance To Field Over/Under
Roads & Location Preparation / Restoration	DIDC.100	87,000	66,040	74,056	8,016	DICC.100	7,000	8,750	33,765	25,015
Damages	DIDC.105	1,500	1,500	0	-1,500	DICC.105	0	0	0	0
Mud/Fluids Disposal Charges	DIDC.255	72,000	41,625	80,085	38,460	DICC.235	120,000	25,511	85,364	59,853
Day Rate	DIDC.115	508,005	512,894	471,761	-41,133	DICC.120	85,000	100,890	83,266	-17,624
Misc Prep Cost (Mouse Hole, Rat Hole, Pads, Pile Clusters)	DIDC.120	15,000	26,614	139,425	112,810		0	0	0	0
Bits	DIDC.125	75,000	56,250	61,877	5,627	DICC.125	5,000	0	0	0
Fuel	DIDC.135	148,000	101,230	124,116	22,886	DICC.130	24,500	17,906	17,906	0
Water 009 / Completion Fluids 109	DIDC.140	6,000	41,570	0	-41,570	DICC.135	150,000	313,350	24,855	-288,495
Mud & Additives	DIDC.145	85,000	106,809	154,352	47,543		0	0	0	0
Surface Rentals	DIDC.150	181,000	171,331	210,016	38,685	DICC.140	210,000	217,753	284,955	67,202
Downhole Rentals	DIDC.155	85,000	98,189	146,730	48,541	DICC.145	25,000	34,723	14,118	-20,605
DSTS, Formation Tests	DIDC.160	0	0	0	0		0	0	0	0
Mud Logging	DIDC.170	32,000	30,660	46,725	16,065		0	0	0	0
Open Hole Logging	DIDC.180	45,000	0	0	0		0	0	0	0
Cementing, thru Intermediate Casing	DIDC.185	75,000	98,003	31,120	-66,883	DICC.155	0	12,299	62,284	49,985
Tubular Inspections	DIDC.190	12,000	2,461	5,786	3,325	DICC.160	4,000	1,250	1,336	86
Casing Crews	DIDC.195	20,000	16,050	23,029	6,979	DICC.165	16,000	16,347	14,547	-1,800
Extra labor, Welding, etc.	DIDC.200	12,000	21,169	11,240	-9,929	DICC.170	6,000	0	12,338	12,338
Trucking	DIDC.205	9,000	2,002	16,043	14,041	DICC.175	18,000	12,645	17,778	5,133
Supervision	DIDC.210	51,200	49,050	54,297	5,247	DICC.180	27,000	52,900	26,953	-25,947
Trailer, Camp & Catering	DIDC.280	21,000	16,508	39,886	23,378	DICC.255	4,000	3,689	1,290	-2,399
Other misc expenses	DIDC.220	1,500	1,796	2,804	1,008	DICC.190	6,000	0	77	77
Overhead	DIDC.225	7,000	7,000	7,350	350	DICC.195	4,000	0	6,159	6,159
Remedial Cementing	DIDC.231	0	1,406	1,406	0	DICC.215	0	0	0	0
Mobilize & Demobilize	DIDC.240	150,000	289,012	237,405	-51,607		0	0	0	0
Directional Drilling	DIDC.245	178,000	247,089	162,008	-85,081		0	0	0	0
Dock, Dispatcher, Crane	DIDC.250	0	0	0	0	DICC.230	0	0	0	0
Marine/Air Transportation	DIDC.275	0	0	0	0	DICC.250	0	0	0	0
Solids Control-Equip/Services	DIDC.260	26,400	88,665	92,702	4,037		0	0	0	0
Well Control-Equip/Services	DIDC.265	20,000	14,813	28,813	14,000	DICC.240	15,000	19,057	22,953	3,896
Fishing & Sidetrack Services	DIDC.270	0	0	0	0	DICC.245	0	0	0	0
Completion Rig		0	0	0	0	DICC.115	34,000	42,841	56,022	13,181
Coil Tubing		0	0	0	0	DICC.260	95,000	0	0	0
Completion Logging, Perforating		0	0	0	0	DICC.200	42,000	0	0	0
Stimulation		0	0	0	0	DICC.210	1,450,000	1,128,241	1,379,616	251,375
Legal/Regulatory/Curative	DIDC.300	6,000	6,000	3,340	-2,660	DICC.280	0	0	2,228	2,228
Well Control Insurance	DIDC.285	5,000	5,000	0	-5,000		0	0	0	0
Contingency	DIDC.435	97,000	106,037	0	-106,037	DICC.220	117,000	99,628	0	-99,628
Construction For Well Equipment		0	0	0	0	DWEA.110	9,000	0	19,848	19,848
Construction For Lease Equipment		0	0	0	0	DLEQ.110	80,000	52,450	50,001	-2,449
Construction For Sales P/L		0	0	0	0	DICC.265	5,000	0	0	0
Intangible		2,031,605	2,226,773	2,226,372	-402		2,558,500	2,160,230	2,217,662	57,432
Drive Pipe	DWEB.150	0	0	0	0		0	0	0	0
Conductor Pipe	DWEB.130	0	0	0	0		0	0	0	0
Water String	DWEB.135	0	0	0	0		0	0	0	0
Surface Casing	DWEB.140	16,000	15,422	15,681	259		0	0	0	0
Intermediate Casing	DWEB.145	266,000	279,324	-90	-279,414		0	0	0	0
Production Casing Or Liner		0	0	0	0	DWEA.100	78,000	75,865	363,655	287,790
Tubing		0	0	0	0	DWEA.105	70,000	0	75,431	75,431
N/C Well Equipment		0	0	0	0	DWEA.115	69,000	0	15,246	15,246
Wellhead, Tree, Chokes	DWEB.115	15,000	27,843	8,263	-19,580	DWEA.120	20,000	1,313	15,004	-13,691
Liner Hanger, Isolation Packer	DWEB.100	0	0	0	0	DWEA.125	0	0	0	0
Packer, Nipples		0	0	0	0	DWEA.130	150,000	159,443	167,737	8,294
Pumping Unit, Engine		0	0	0	0	DLEQ.100	100,000	0	355	355
Lift Equipment (Bhp, Rods, Anchors)		0	0	0	0	DLEQ.105	6,500	28,861	0	-28,861
Metering Equipment		0	0	0	0	DLEQ.220	0	0	0	0
Tangible - Well Equipment		297,000	322,589	23,853	-298,735		493,500	265,482	637,429	371,947
N/C Lease Equipment		0	0	0	0	DLEQ.115	30,000	9,650	43,960	34,310
Tanks, Tanks Steps, Stairs		0	0	0	0	DLEQ.120	65,000	34,000	52,163	18,163
Battery (Heater Treater, Separator,...)		0	0	0	0	DLEQ.125	35,000	0	28,799	28,799
Flow Lines (Line Pipe From Wellhead)		0	0	0	0	DLEQ.130	25,000	0	11,737	11,737
Offshore Production Structure For ...		0	0	0	0	DWEA.135	0	0	0	0
Pipeline to Sales		0	0	0	0	DWEA.140	0	0	0	0
Tangible - Lease Equipment		0	0	0	0		155,000	43,650	136,658	93,008
P&A Costs	DIDC.295	0	0	0	0	DICC.275	0	0	0	0
P&A		0	0	0	0		0	0	0	0
Total Costs		2,328,605	2,549,362	2,250,225	-299,137		3,207,000	2,469,362	2,991,749	522,388